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MISSOURI DEVELOPMENT FINANCE BOARD

REQUEST FOR QUALIFICATION AND PROPOSAL

March 26, 2009

SUBJECT: Micro Loan Program Management Services

The Missouri Development Finance Board (the "MDFB"), a body corporate and politic of the State of Missouri, working in conjunction with the Missouri Department of Economic Development ("DED"), hereby requests submittal of *PROPOSALS FOR PROFESSIONAL SERVICES* to implement, administer, and manage a micro loan program (the "Program").

Program Purpose and Goal

The MDFB intends to capitalize, or assist in the capitalization, of a statewide micro loan program, or multiple regional programs, with a one-time, up-front grant totaling \$2,000,000. If multiple programs are selected, this capitalization amount will be allocated among those programs selected by the MDFB at the sole discretion of the MDFB. The grant may be made directly to the service provider(s) selected, or to DED for pass-through to the service provider(s).

The respondent to this RFP must be a nonprofit, a governmental or quasi-governmental entity, or a federal or state authorized community development corporation currently engaged in small business economic development lending programs. The Program proposal must be structured as a revolving loan program within certain parameters as set forth below. Loan principal repayments by borrowers will be credited to the service provider's revolving loan fund for future lending. Interest repayments by borrowers may be credited to program costs of the service provider(s).

An important state program goal is for the service provider to make available reduced interest rate and loan costs to the borrowers to the fullest extent possible. The response should include the proposed structure of the program, including proposed application fee, loan origination or closing fee, and any ongoing fees; and interest rates and terms for other sources of funding that may be available for use in conjunction with this grant.

Services Requested

Program services must include loan closing and documentation, loan portfolio management, routine loan collection, and maintenance of all loan documentation. Respondents selected as service providers will be required to submit the following program reports to DED and MDFB.

1. Loan origination reports: Within fifteen (15) business days of the end of each month, a report on all new loans originated in that month that includes a tracking number for the borrower, borrower name, address, loan amount, project sources & uses of funds statement, loan collateral, existing jobs, jobs estimated to be created/retained, type of business, and date of loan origination.
2. Annual reports: Within thirty (30) days of the end of the service provider's fiscal year, a report for loans outstanding that includes the borrower tracking number, borrower name, current address, principal balance outstanding, number of employees, loan payment status — current/past due 30-60-90-liquidation phase, and list of borrowers declared in default and referred to the Attorney General's Office. Submissions of annual reports are required until the loans are fully amortized.
3. Loan specific reports: Within five (5) business days of: (i) a default in payment, or (ii) the date the provider becomes aware of any other substantive default pursuant to its promissory note or loan agreement with the borrower, a letter delivered to DED and MDFB explaining the nature of the default and the service provider's plan to cure such default.

Service Provider Selection Criteria

Experience: Describe the historical and current experience the organization has in administering a revolving loan program. Include specific information the Respondent has in:

- a. type of RLF program, sources of funding, and structure of program;
- b. last three years (by year) total loan amount, number of loans, default and loss ratios;
- c. loan documentation;
- d. loan origination and disbursement procedures;
- e. loan portfolio management procedures;
- f. loan collection procedures;
- g. administering and enforcing loan covenants and compliance;
- h. describe the current process used for evaluating loan requests;
- i. list of loan committee members, including a short resume;
- j. how long it takes to get the average borrower from application to closing; and
- k. describe the type of technical assistance your organization provides or typically utilizes for borrowers who have been in business less than two years.

Include resumes of key personnel who would be responsible for all phases of managing and administering this program. Please provide the amount requested by the Respondent as well as geographical area the Respondent will serve. Address how interest income on loans or investments will be used.

Cost: Provide a cost estimate for the Respondent to provide the above services, with a detailed line-item budget for delivering these services. You may cost this based upon time and hours estimated for each staff member on a monthly or annual basis, or based upon estimated loan volume.

Other Information: Provide program documentation or examples of the following with the response:

- a. existing program brochures, example applications and closing documents;
- b. loan servicing reports currently in use for existing programs; and
- c. three years most recent fiscal year end audited financial statements for the Respondent, if available. CPA prepared tax returns may be substituted for audited statements.

Basic Loan Program Parameters

Terms and Rates: Initial borrowers for the micro loan program will be selected by a review committee comprised of representatives from DED, the MDFB, and other development partners. Interest rates on loans funded from this Grant will be fixed at 3% for the term of the loan. Other initial loan terms will be set by DED.

Loans funded from the repayment of the initial loans may be selected by the service provider pursuant to its existing selection procedures.

Eligible Businesses: Any for-profit commercial, service, distribution, research and development, or manufacturing business may apply except for the following non-eligible businesses.

Non-Eligible Business means check cashing services (unless associated with a bank operation or as may otherwise be incidental to another primary use of the Premises), pawn broker services, resale of donated or used goods, liquidation sales, day labor services, job training services, sale or distribution of tobacco or alcohol products, web-based or print newspapers or magazines, and radio or television stations.

Loan Minimum and Maximum: Not less than \$2,500. Not more than \$25,000.

Jobs — Current: Borrower cannot employ more than five (5) employees at the time of application.

Jobs — New: The Borrower must provide a projection of new jobs to be created, or jobs retained, within the first two years of loan closing. There should be at least one new job for every loan made from this funding source.

Eligible Uses of Loan Proceeds: Working capital and/or fixed assets, including furniture, fixtures & equipment.

Non-eligible Uses of Loan Proceeds: Outstanding debt payment, refinancing or consolidation.

Equity: For an existing business, the borrower must invest an amount not less than 10% of the loan amount for fixed asset projects. For start-up businesses, not less than 20% of the project amount must be invested by the borrower.

Defaults and Liquidations: Collections and collateral liquidations for loans having incurred a default in payment that has not been cured within 90 days, or otherwise and earlier deemed uncollectable by the service provider, are to be referred to the Financial Services Division of the Missouri Attorney General's Office for liquidation with a copy delivered to DED and the MDFB.

Submission Deadline

Proposals must be submitted by 5:00 p.m. Central, Wednesday, April 8, 2009.

One original and three (3) copies of the Proposals are to be submitted to the MDFB at:

Missouri Development Finance Board
Attn: Executive Assistant
Governor Office Building
200 Madison St., Suite 1000
Jefferson City, MO 65102

The Board will solicit input from DED in the selection of respondents to this RFP.
The Board reserves the right to reject any and all proposals at its sole discretion.

Please direct any questions regarding this RFP to Kathleen Barney, MDFB Senior Portfolio Manager at (816) 807-1170.